

STATE PROPERTIES COMMITTEE

Wednesday, August 30, 2006

The meeting of the State Properties Committee was called to order at 9:06 a.m. by Chairman Jerome F. Williams. Other members present were Mr. Robert Griffith representing the Rhode Island Department of Administration, Mr. Richard Woolley from the Rhode Island Department of Attorney General and Robert Kay, Public Member. Also in attendance were Paul Carcieri, John Glynn and William McCarthy from the Rhode Island Department of Transportation; William Ferguson, John Ryan and Marlene McCarthy Tuohy from the Rhode Island Department of Administration; Brian Peterson from the Rhode Island Department of Revenue; John Faltus from the Rhode Island Department of Environmental Management; Jane Morgan and Rick Baccus from the Rhode Island Department of Mental Health, Retardation and Hospitals; David S. Lauterbach from The Kent Center; and Robert C. Bromley from Senate Fiscal Office.

The next meeting of the State Properties Committee is scheduled to be held on Tuesday, September 12, 2006. A motion was made to approve the minutes from the

State Properties Committee Meeting of August 15, 2006, by Mr. Griffith and seconded by Mr. Kay.

The Department of Administration respectfully requested that Item K of the agenda be moved and be the first item heard by the State Properties Committee. A motion was made to approve the item by

Mr. Kay and seconded by Mr. Griffith.

Passed Unanimously

ITEM K – Department of Administration/Division of Motor Vehicles – Mr. Ryan and Mr. Peterson presented the following updated information relative to the Division of Motor Vehicles Lease. Mr. Peterson explained that Trolley Barn Associates forwarded a letter to the State of Rhode Island dated August 11, 2006, wherein it exercised its right to terminate the Lease Agreement based upon its inability to obtain financing for the construction of the building. Therefore, Mr. Peterson is seeking permission to proceed with the second bidder, Picerne Properties. Mr. Griffith asked Mr. Peterson to remind the State Properties Committee as to the location of the building owned by Picerne Properties. Mr. Peterson indicated that the building is located on Hartford Avenue near the intersection of Atwood Avenue and Hartford Avenue in the Town of Johnston. The building was the former location of Stuarts Department Store. Mr. Kay asked how many bidders there were. Mr. Peterson indicated there were a total of four (4) bidders. Mr. Kay asked if all the bids were similar in price. Chairman Williams stated that the second bidder meets the necessary requirements such as parking and facility structure. Chairman Williams indicated that Picerne Properties' proposal was rated second, but a close second, primarily because of the price. Mr. Peterson indicated that this location was actually more centrally located. Mr. Griffith asked if traffic and circulation issues have been addressed. Mr. Peterson indicated that there have been extensive renovations to this infrastructure. Mr. Ryan indicated that the street

is being widened and turning lanes are going to be added to accommodate this plaza as well as the Shaw's Plaza located across the street. Mr. Kay asked how long the term of the lease is. Mr. Peterson indicated it is a ten (10) year lease. A motion was made by Mr. Griffith and seconded by Mr. Kay to allow the Department of Administration to negotiate the terms and conditions of a lease with Picerne Properties for the site of the Division of Motor Vehicles and return to the

State Properties Committee for approval of the final documents.

Passed Unanimously

ITEM A – Board of Governors/University of Rhode Island – This item was deferred to a future meeting of the State Properties Committee

ITEM B – Department of Mental Health, Retardation and Hospitals – A request was made for conceptual approval to allow the Kent Center to sublease a space located at the Kent Center to a privately-owned pharmacy. Ms. Morgan explained that pursuant to the proposed agreement the tenant will be responsible to restore the premises to its original condition upon the expiration of the agreement. Chairman Williams asked what the space was currently being used for. Mr. Lauterbach indicated that the space is utilized for an out patient therapy clinic. Mr. Kay inquired as to liability insurance coverage. Ms. Morgan stated that as the Department of Mental Health, Retardation and Hospitals is seeking conceptual approval at this time, all necessary documentation has not been prepared. However, when this item is presented for final approval all required

documentation will be submitted to the Committee. Mr. Kay recommended that the final lease agreement include a provision requiring fire legal liability insurance. A motion was made to approve by Mr. Griffith and seconded by Mr. Kay.

Passed Unanimously

ITEM C – Department of Environmental Management - A request was made for

approval of and signatures on a License Agreement between the Department of Environmental Management and Michelle Brooks from Turtle Island Designs. Mr. Faltus explained that this item is a request for permission to hold a Native American Pow-Wow at Lincoln Woods State Park on September 16th and 17th, 2006. Mr. Faltus provided the State Properties Committee with the Certificate of Insurance. Mr. Faltus indicated that there were no problems associated with this event in the past. Chairman Williams asked if there were any expense for which the State of Rhode Island needed to be reimbursed. Mr. Faltus indicated that as Michelle Brooks is required to have Department of Environmental Police Officers on duty overnight and on Saturday and Sunday during the daytime, she is required to reimburse the Department of Environmental Management for the cost of the environmental police officers at the special detail rate. Mr. Kay asked whether the Town of Lincoln has been notified of this event. Mr. Faltus indicated that pursuant to the License Agreement the organizers of the event are required to inform the Chief of Police of the event. A motion to approve was made by Mr. Kay and seconded by Mr. Woolley.

Passed Unanimously

ITEM D – Department of Transportation – A request was made for approval of and signatures on a Consent Agreement to assign the Easement Agreement, dated July 26, 1996, from Prov Gas, Division of the New England Division of Southern Union Company to National Grid USA continue. Mr. McCarthy explained that on December 6, 1996, the State Properties Committee approved an Easement Agreement between the Department of Transportation and the Rhode Island Airport Corporation and the Providence Gas Company. The Perpetual Easement Agreement was to install, maintain, repair and replace a subsurface gas line at T.F. Green Airport. On August 15, 2006, the Department of Transportation requested permission to allow Providence Gas Company to assign two (2) easements to National Grid, USA. At that meeting, Mr. Woolley expressed concern that the request for approval was premature, as the acquisition between Providence Gas Company and National Grid, USA, had not been finalized. Mr. McCarthy indicated that Anne Connor of National Grid informed the Department of Transportation that that National Grid acquired the Rhode Island assets of the Southern Union Company d/b/a Prov Gas Company on August 24, 2006. Therefore, the Department of Transportation is seeking final approval and execution of the Consent Agreement transferring the easement from Providence Gas Company to National Grid. A motion was made to approve by Mr. Woolley and seconded by Mr. Kay.

Passed Unanimously

ITEM E – Department of Transportation – A request was made to

submit additional information and for conceptual approval to convey 10,125 square feet of State-owned land located along Atwood Avenue in the City of Cranston which abuts property owned by Adler Brook Builders, Inc. Mr. Carcieri explained that in March of 2006, representatives of the Department of Transportation requested conceptual approval to sell approximately 12,000 square feet of excess property to Alder Brook Builders. The representations at that time were that the parcel of land was buildable and that a sole source sale was recommended and approved by the State Properties Committee to Alder Brook Builders. The reason for said recommendation and approval was because the sale of the property to any third party would in affect land-lock on adjacent property owned by Alder Brook Builders. Subsequent to that presentation, the Department of Transportation discovered several facts, which should have been presented at the meeting in March. It was discovered that the parcel size is diminished from 12,000 square feet to approximately 10, 125 square feet. More importantly, there is a live water main beneath the property. It is a five (5) foot water main, which services a large area of the City of Cranston. Mr. Carcieri is before the Committee today to advise it of these updated facts and seeking a reiteration of the conceptual approval granted in March of 2006. Due to these recent discoveries, the Department of Transportation has reappraised the subject property and reduced its value from \$15.00 per square foot to \$9.27 per square foot. The reason for the reduction is that the water line on the property will be protected by a fifteen (15') foot wide easement, which means the parcel of land is not buildable,

cannot be improved and may only be beautified. Mr. Carcieri indicated that crossing and re-crossing the property for access is not a problem, however; there is not full utility service for the property. These conditions necessitate the reduction in the value of the property. The property will be sold with protective covenants allowing the Providence Water Company to access the property to service main if necessary for any cause whatsoever. Mr. Kay asked if the water line is owned by the Providence Water Company or the City of Cranston. Mr. Carieri stated the water line is owned by the Providence Water Company. Chairman Williams asked what the intent of Adler Brook Builders is now, knowing that the property is unbildable. Mr. Carcieri stated that Adler Brook Builders will be informed that they may only purchase the property for beautification and parcel access. Mr. Carcieri indicated that Adler Brook Builders may not want to purchase the property in view of these conditions; however, the Department of Transportation would not offer the property without the approval of the State Properties Committee. A motion was made to approve by Mr. Griffith and seconded by Mr. Kay.

Passed Unanimously

ITEM F – Department of Transportation - A request was made for review of and signatures on a License Agreement between the Department of Transportation and Abramek Realty, LLC for 3,068 square feet of land located at 777 Putman Pike in the Town of Glocester. Mr. Glynn explained that this item is the renewal of a current license agreement. The term of the License Agreement is five (5) years, and includes a three (3) year review clause. The license fee

is \$127.83 per month for approximately 3,068 square feet of State property. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM G – Department of Administration – A request was made for permission to use Station Park by Downtown 5K on September 15, 2006, through September 17 2006, for its annual CVS Downtown 5K. Ms. McCarthy Tuohy explained that CVS would setup for the race on September 15th and 16th, 2006, and the actual race will be held on September 17, 2006. Ms. McCarthy Tuohy indicated that the liability insurance coverage is in place; however, the form naming Capital Properties as additionally insured has not been received. Ms. McCarthy Tuohy indicated that the certificate of insurance will be provided to the State Properties Committee prior to the race. Ms. McCarthy Tuohy stated she and Mr. Breagy have met with Amtrak regarding engaging some of its police officers. The fee for said officers has been established and will be paid to directly to Amtrak by Mr. Breagy. Ms. McCarthy Tuohy also indicated that they met with the Director of the Providence Train Station. During that meeting, it was determined that the race route would not interfere with any scheduled trains. A motion to approve was made by Mr. Woolley subject to the insurance certificate naming Capital Properties as additionally insured and seconded by Mr. Kay.

Passed Unanimously

ITEM H – Department of Administration - A request for approval to sell a parcel of land located at 1615 Pontiac Avenue, Cranston, Rhode

Island. Mr. Ferguson explained that on April 11, 2006, the State Properties Committee granted conceptual approval to convey the subject property. Mr. Ferguson reminded the Committee that this property is part of a much larger parcel of land consisting of 300,000 square feet. Mr. Ferguson also reminded the Committee that 1615 Pontiac Avenue Condominium Association built a parking lot, which encroaches upon State-owned property. Mr. Ferguson indicated that state agencies have been solicited to determine whether there was any interest in the subject property. An appraisal of the property was conducted by Andolfo Appraisal Associates, Inc. The property was valued at \$85,000.00. Mr. Ferguson indicated that property will be formally offered to the City of Cranston via certified mail. Chairman Williams asked if a title search of the property has been completed. Mr. Ferguson stated a title search of the property was completed. Chairman Williams asked if the property was deeded to the State of Rhode Island. Mr. Ferguson indicated that the property was acquired by the State of Rhode Island on August 17, 1937, via a Warranty Deed. Mr. Woolley asked how long the property has been encroached upon and what, if any, compensation has the State of Rhode Island received for said encroachment. Mr. Ferguson indicated he did not know how long the encroachment of the property had existed and indicated the State of Rhode Island has received no compensation. The State Properties Committee recommended that the 1615 Pontiac Avenue Condominium Association be required to provide compensation for said encroachment. Chairman Williams suggested that the purchase price of the property reflect the compensation for

the encroachment. A motion to approve subject to the Department of Administration negotiating with 1615 Pontiac Avenue Condominium Associates relative to compensation for the encroachment and returning to the State Properties Committee with a final purchase price by Mr. Griffith and seconded by Mr. Woolley. Mr. Ferguson asked if there is a guideline relative to the amount of compensation required for encroaching on State property. Chairman Williams suggested that the Department of Administration ask Andolfo Appraisal Associates, Inc. to determine a compensation value for the encroachment.

Passed Unanimously

ITEM I – Department of Administration – A request was made for approval of two (2) Letter Agreements between the State of Rhode Island and Have No Fear Productions, Inc. reducing the security deposit to \$3,000.00 to be used for the restoration of the exterior lawn of State House Park and reducing the security deposit to \$5,000.00 for restoration of the lawn of the State House. Mr. Ferguson explained that Have No Fear Productions provided a \$20,000.00 damage deposit to the State of Rhode Island for its use of State House Park. The Department of Administration has agreed to return \$17,000.00 of said deposit. The Department of Administration is withholding \$3,000.00 to ensure that repairs to State House Park are successfully completed. Any remaining balance will be returned Have No Fear Productions once the necessary repairs are completed. Further, Have No Fear Productions provided the State of Rhode Island with a damage deposit in the amount of \$150,000.00 for its use of the State

House. Mr. Ferguson indicated that Have No Fear Productions has done a commendable job in restoring the State House to its previous condition. An inspection of the State House has been completed to ensure the building sustained no damage and that its restoration is complete. Mr. Ferguson is seeking approval to return the balance of the initial damage deposit in the amount of \$145,000.00 to Have No Fear Production subject to the Department of Administration receiving a check in the amount of \$857.00. The Department of Administration is withholding \$5,000.00, as said amount will cover of cost of all repairs to the State House lawn in the event said repairs have to be duplicated. Chairman Williams commented that Mr. Ferguson has done an admirable job of monitoring all repairs and following up with inspections. Mr. Ferguson is seeking approval of and signatures on the Letter Agreements between State of Rhode Island and Have No Fear Productions. A motion was made to approve subject to the State of Rhode Island receiving a check in the amount of \$857.00 from Have No Fear Productions by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

ITEM J – Department of Transportation/Office of Highway Safety – This Item was deferred to a future meeting of the State Properties Committee at the request of the Department of Transportation/Office of Highway Safety.

The Committee moves to go into Executive Session, pursuant to Rhode Island General Law 42-46-4(a)(5) for the specific purpose of discussion or consideration related to the acquisition or lease of real

property for public purpose, or of the disposition of publicly held property wherein advanced public information would be detrimental to the interest of the public.

A motion was made to enter into Executive Session by Mr. Kay and seconded

by Mr. Woolley.

Passed Unanimously

ITEM E1 - DEPARMENT OF TRANSPORTATION - A request for approval to acquire land in conjunction with the expansion of facilities at Quonset State Airport in North Kingstown. After discussion in Executive Session, a motion to approve was made by Mr. Robert Griffith and seconded by Mr. Woolley.

Passed Unanimously

There being no further business to come before the State Properties Committee, the meeting was adjourned at 10:20 a.m. A motion was made to adjourn by Mr. Griffith and seconded by Mr. Kay.

Passed Unanimously

Holly H. Rhodes, Executive Secretary